

Suzlon Energy Limited

Investor Presentation

Q1, FY 2020-21

28 August 2020

SUZLON
POWERING A GREENER TOMORROW



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Milestones Achieved

Debt Restructuring Completed

Cumulative Market Share*

~34%

*Market leadership maintained for over
two decades*

Largest wind turbine fleet under maintenance in India

12.8 GW

3rd highest in India Power Sector

Q1 EBITDA Margin of

~18%

Due to high control on fixed costs

Out of 2.8 GW commissioning done under SECI and State Bids,

~20%

is done by Suzlon – 2nd highest in India

Post debt restructuring, Suzlon is on track to regain its foothold in FY21 despite Covid-19 challenge

**as on 31st Mar 2020*

Key Updates for Q1, FY21

- ✓ Covid-19 pandemic and the implementation of Debt Restructuring (completed on 30th June 2020) impacted Wind Turbine business in Q1, FY21
- ✓ OMS business continues to deliver good performance and SE Forge (forging and foundry business) has also performed well
- ✓ Clear improvement in EBITDA over last year, which is a testimony of the success achieved in controlling our fixed costs
- ✓ Company is now strongly positioned to resume WTG business and execute a healthy order book of 867 MW
- ✓ Business reorganised to suit the new market paradigm, which has helped in significant reduction of our break-even levels making Suzlon even more competitive

Financial Performance

Industry Outlook

Technology

Suzlon Strengths

Q1 FY21 Financial Metrics

(₹ Cr.)

Particulars	Q1 FY21 Unaudited	Q1 FY20 Unaudited	Remarks
Net Revenue	513	833	Primarily due to low volume
Gross Profit	356	437	
Gross Margin	69.4%	52.5%	
Employee Expenses	159	208	
Other Expenses (net)	80	167	Includes partly variable cost
Exchange Loss / (Gain)	26	20	
EBITDA	91	42	
EBITDA Margin	17.7%	4.9%	Impact of optimization of manpower and opex cost
Depreciation	71	73	
Net Finance Cost	403	296	Predominantly non-cash in nature and is settled by issuance of CCPS
Taxes	1	1	
Share of (Profit) / Loss of Associates / JV	1	0	
Net Profit (Pre Exceptional Items)	-384	-329	
Exceptional Loss / (Gain)	15	8	
Net Profit (Post Exceptional Items)	-399	-337	
Non Controlling Interest	-1	-2	
Net Profit attributable to Shareholders	-398	-335	

Wind Order Book (as at 30th Jun, 2020)

Particulars	Capacity	Remarks
Central Auctions	789 MW	All orders backed by signed PPA's
State Auctions/PSU	65 MW	
Captive/Retail	13 MW	
Wind Firm Order Book	867 MW	
Value of Order Book	₹ 4,475 Cr.	
<div><div></div><div>+</div><div>SEFL and Service orders over and above this order book</div></div>		

Sizable auctioned capacity is yet to be tied up by bidders

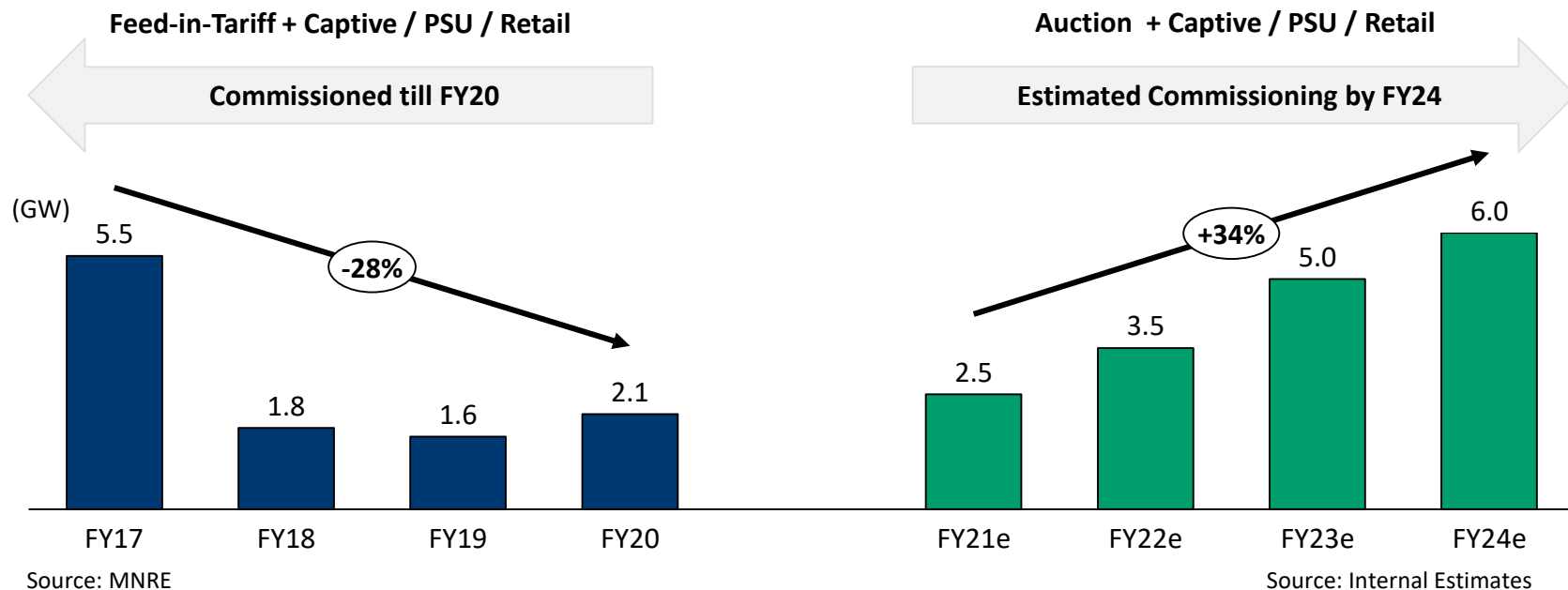
Financial Performance

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Suzlon Strengths

Strong Visibility on Growth for Indian Wind Market



Key Challenges faced during Transition:

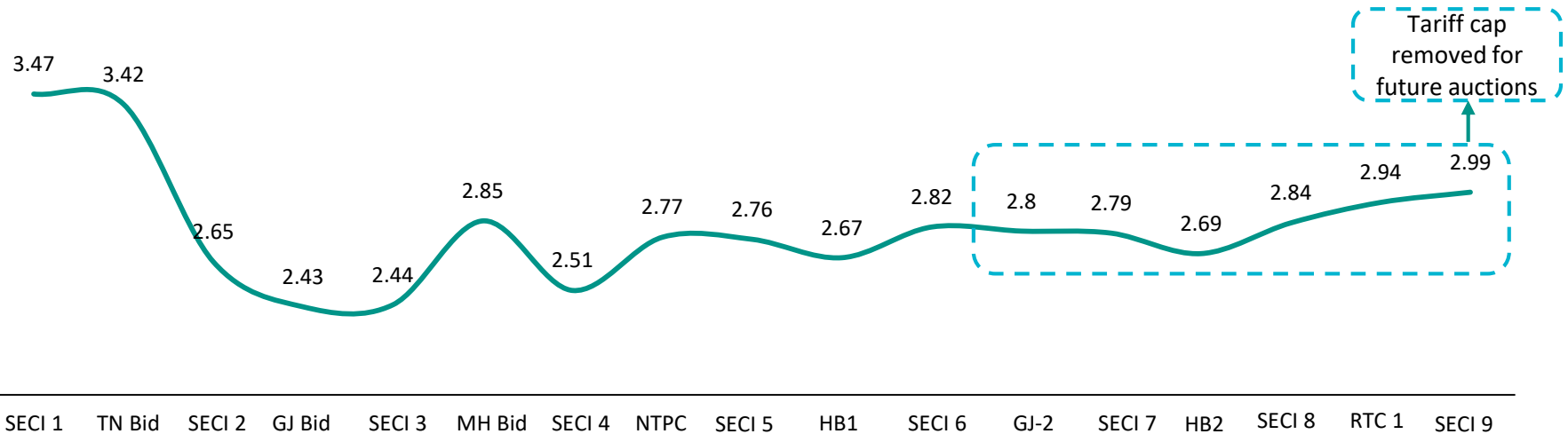
- X Infrastructure constraints
- X Land allocation delays
- X Delays in permissions from Ministry of Defence
- X Auction delays & sector uncertainties

Key Drivers:

- ✓ Push for clean, affordable and scalable power source
- ✓ Market expanding from 8 wind states to pan India
- ✓ Tariff firming up; tariff cap on wind removed
- ✓ Demand-supply rationalised and WTG prices firming up
- ✓ Focus on Wind Solar Hybrid (Make In India Push)

Tariffs are firming up since early Wind Project auctions in India

Wind Auction Tariffs (Rs/Unit)



Positive Aspect of Competitive Bidding

1

Pan India Demand

Wind + Non Wind States

2

Market Based pricing

Most competitive source of power- even better than Coal based plants

3

Predictable Volumes

Optimized Working Capital

4

Large Scale Orders

250-300 MW

5

Reduced Regulatory Risk

Upfront PPA signing and tariff determination

Industry Updates

- ✓ ISTS waiver extended by MoP till Jun, 2023 (captive and open access brought under policy purview)
- ✓ RTC Tender concluded by SECI for 400 MW Round-The-Clock Power supply at levelised tariff of INR 2.90 p.u.
- ✓ Group of Ministers (GoM) has approved the new Tariff policy; Cabinet approval awaited
- ✓ Andhra Pradesh Renewable Energy Export Policy, 2020, has been announced to attract private investments for establishing solar/wind/wind-solar hybrid projects on a massive scale
- ✓ Govt. of India increased custom duties on import of power sector equipment from China w.e.f. August, 2020
- ✓ Government of India announced support of Rs. 90,000 Cr to revive Discoms
- ✓ Electricity Act (Amendment) 2020 – Focus on Cost reflective Tariff and Electricity Contract Enforcement Authority to enforce Power Purchase Agreements
- ✓ Govt. raised States' borrowing limits for FY21 to 5% of GSDP from the existing 3% to ease the revenue crunch due to Covid-19
- ✓ LC based power procurement by DISCOMs to ensure discipline in payment to Generators

Future Drivers for WTG Business growth



Ambitious targets of GOI for Renewable Energy in India – GOI working towards facilitative policies + ramping up infrastructure required to achieve the targets



Government plans to conduct bidding of 50 GW wind capacity in next 5 years; Focus on Wind to increase with Hybrid and RTC solutions



Increase focused on Atmanirbhar Bharat and Make in India to promote heavy investment in Renewable sector (Component's sale potential given the already available manufacturing capacity)



Execution challenges on Land / PE capacities arising due to transition largely ironed out; States being aligned with Central policies and targets



PPA rates gradually firming up, removal of tariff cap, Wind industry moving towards mass scale industrialization resulting in standardization



Healthy order Backlog in industry – ~14GW projects already bid out which remain largely unexecuted as on date

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Industry Outlook

Technology

Suzlon Strengths

Products Optimized for Market Demand

S111-140

2.1 MW

Proto Commissioned

Aug'17

S111-140

~5-6%
Higher Energy Yield

S111-120

S120-140

2.1 MW

Proto

Status

Date

S120-105

Commissioned

Jun '18

S120-140

Commissioned

Dec'18

S120

~6-7%
Higher Energy Yield

S111

S133-140

2.8 MW

Proto

Status

Date

S133-105

Commissioned

Aug '19

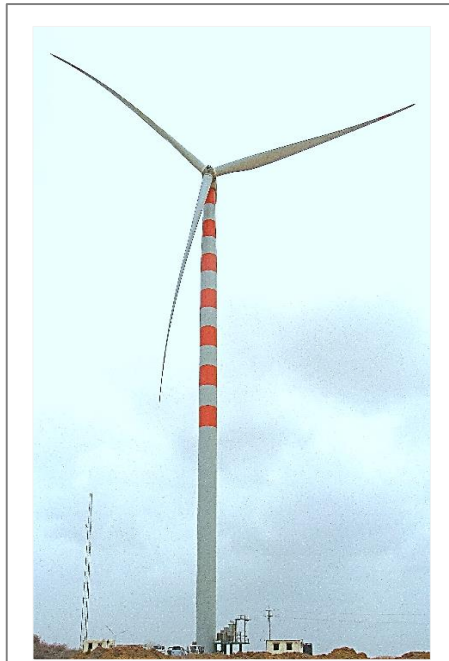
S133

~23-25%
Higher Energy Yield

S120

Product Development

S133: New Product



S133 – 105

SB 63 – Won SKOCH award for Corporate Excellence



- ✓ RLMM Listing completed
- ✓ All Testing & Measurement completed
- ✓ Multiple Tower Options (Hybrid Lattice, Steel Tubular)

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Suzlon Strengths

Suzlon's Strengths in Indian Wind Market



**Full Turnkey Solution
Provider**



Pan India Presence



Technology Leadership

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Strong Customer Relationship



**Best In Class Service
Capabilities**



25 Years Track Record

End-to-end service provider with strong presence across value chain & customer segments

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Accolades

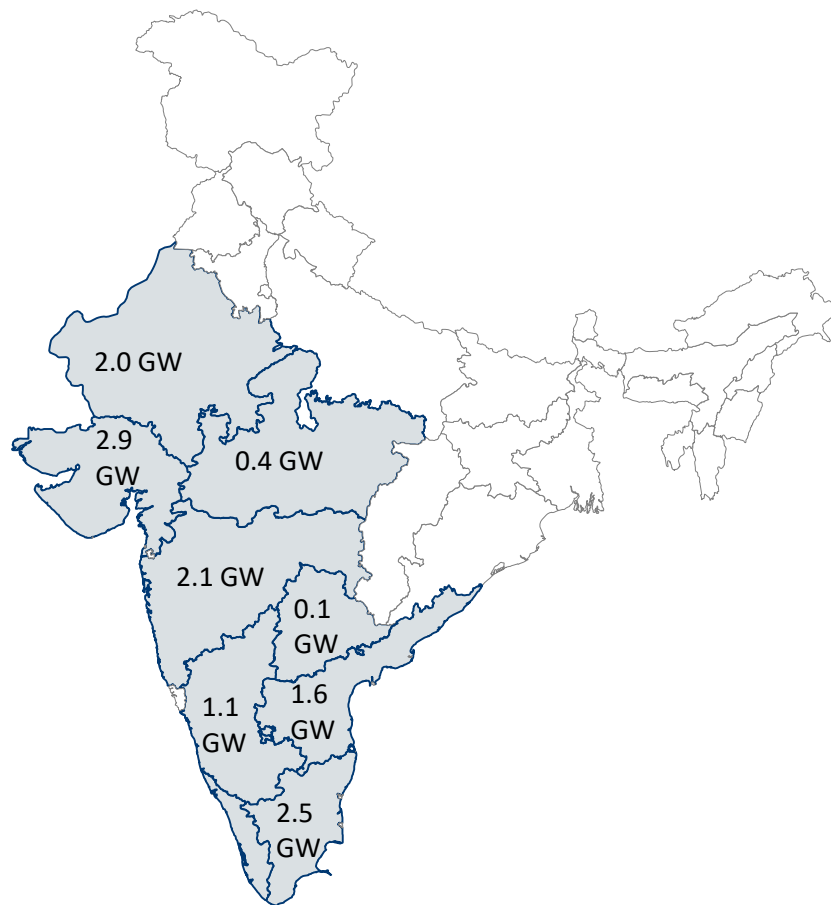


- **World's 1st solar project quality certification for Suzlon's 100 MW project**
 - DNV GL confirms safety features and technical compliance
 - Testament of our commitment to high quality standards
- **Coimbatore Generator Unit wins CII Southern Region 13th Kaizen Competition**
 - For uniform profile of copper bar with higher productivity
- **Suzlon's Generator Unit wins award at Manufacturing Today Summit**
 - Quality Improvement Project competition won on Cost Optimization
 - Evaluated across cost optimization, quality, tech., safety and sustainability
- **SKOCH Corporate Excellence Silver Award**
 - SB63 Full Carbon Girder Blade, Order of Merit certificate for S128
 - Award for Innovative two fold transport system
- **Team Wins IMC RBNQA 2018: Symbol Of Business Excellence**
 - 1st prize for SGSL in service category, recognition of high service standards
 - 360 degree evaluation including interactions with all stakeholders
- **ICERP – JEC Innovation Award as "Outstanding Innovation in Composites"**
 - Awarded by FRP Institute, India and JEC Composites, France
 - Testament of Suzlon's innovation in nacelle cover composites structure
- **Won Best Organisation for PoSH (Prevention of Sexual Harrasment) award**
- **Certified as 'Great Place to Work' by the Great Place to Work® Institute**
- **Daman unit won Gold award by International Research Institute for Manufacturing**

12.8 GW Wind Energy Installations In India

Ranked **No. 1** in Renewables Sector

Largest fleet under Operation and Maintenance fold in India



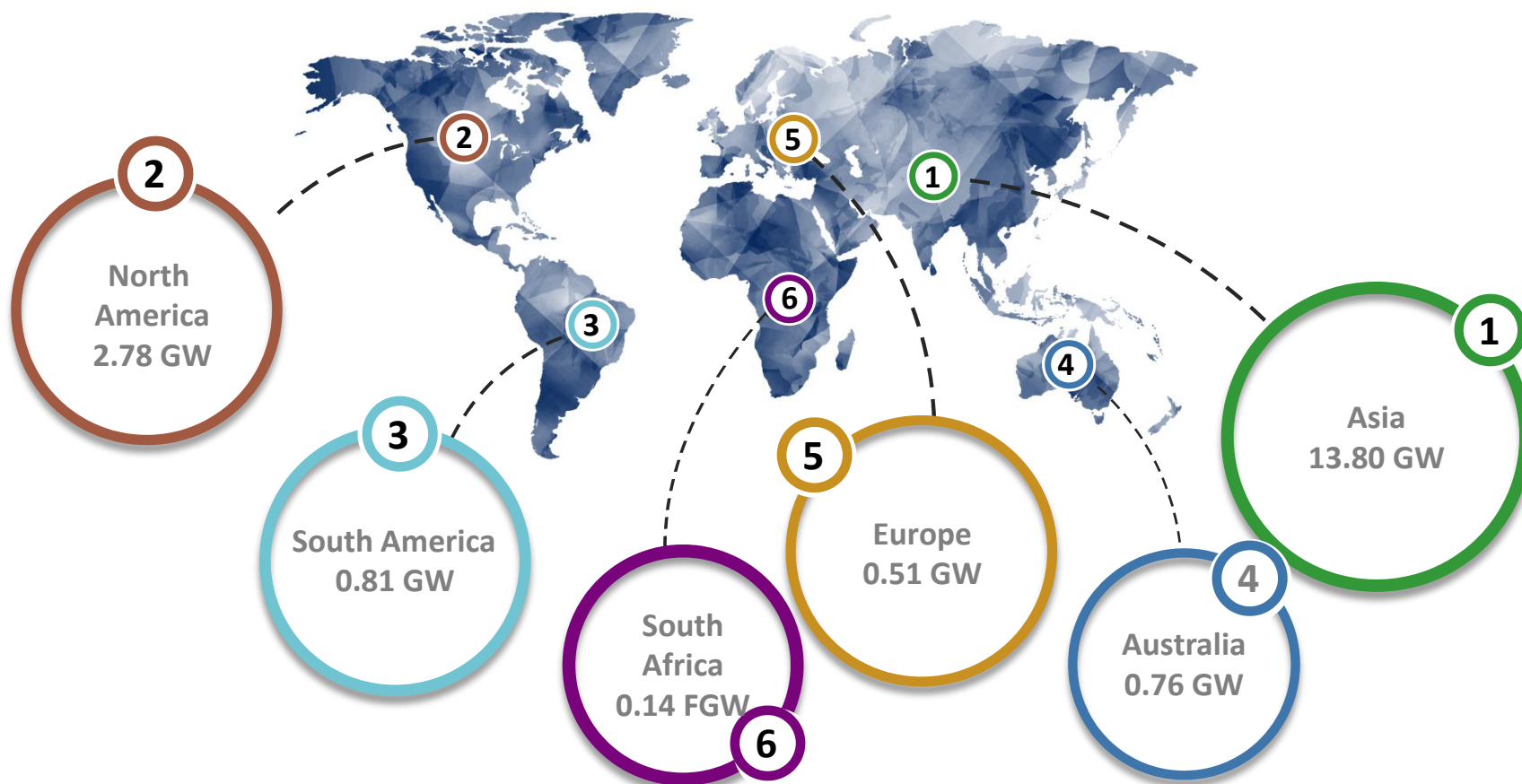
(31 st Mar'20)	# of Turbines	MW
<= 1 MW	1,678	777
>1 MW < 2 MW	4,268	5,774
=>2 MW	2,997	6,296
Total	8,943	12,847

- **34% - All India installed wind capacity**
- **~15% - All India installed renewable capacity**
- **~1,800 customer relationships**
- **25 years of operating track record**
- **28 TWh estimated of annual clean energy;**
 - =2,291 mn trees planting p.a.
 - =~20.8 mn tonnes coal avoidance p.a.
 - =~27.4 mn tonnes CO₂ emission savings p.a.

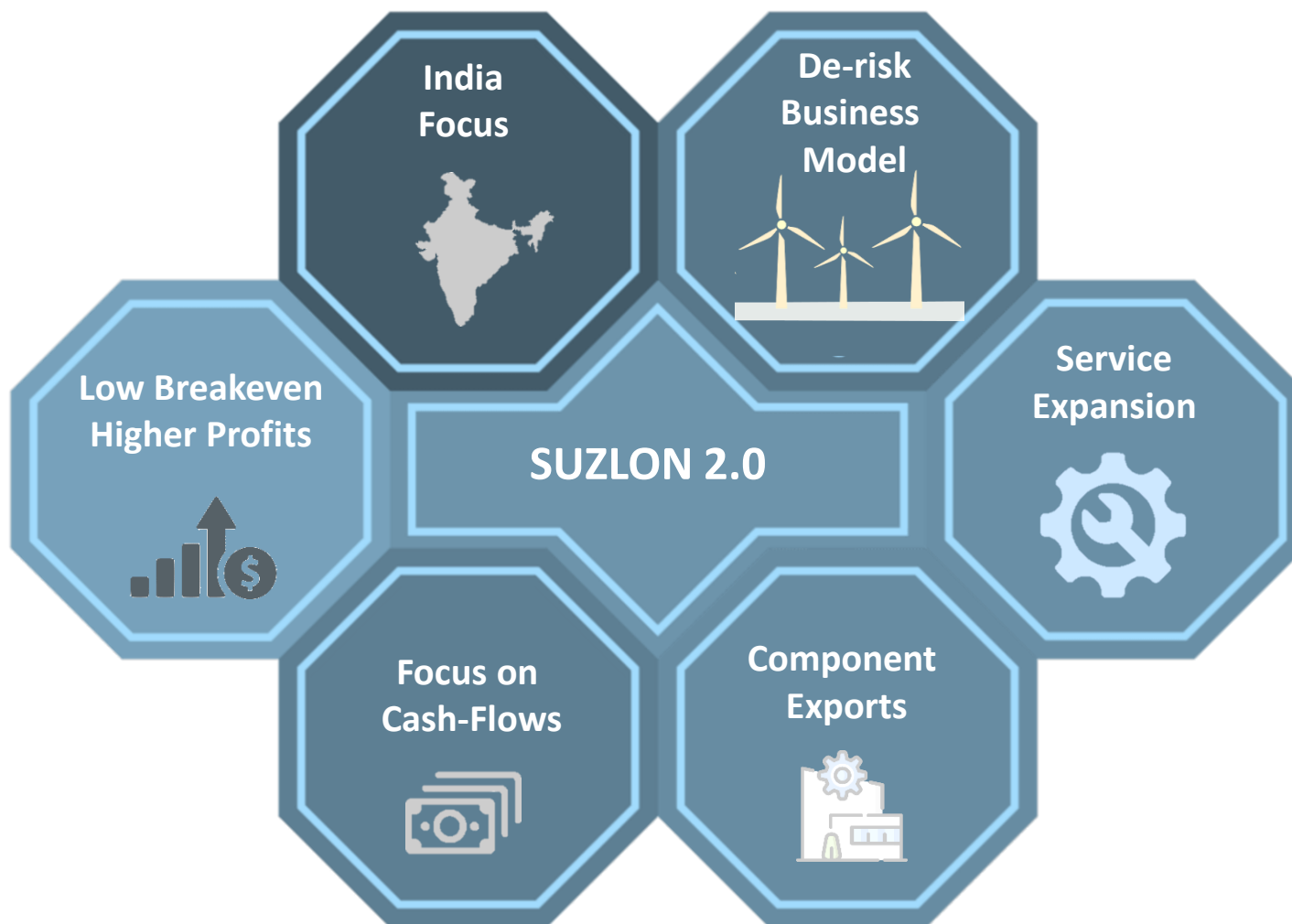
Custodian of 3rd highest installed power capacity (from all sources) in India

Suzlon's Global Presence (18.8 GW)

As on 31st Mar 2020



Suzlon 2.0





THANK YOU